WINTAAI HOLDINGS LTD.
110 Sheppard Ave. East
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Toronto ON, M2N 6Y8, Canada

2021 WINTAAI HOLDINGS ANNUAL LETTER TO SHAREHOLDERS

March 31, 2022

To the Shareholders of Wintaai Holdings Ltd:

During the fiscal year 2021, the GAAP book value of Stonetrust increased from $129.03 million CAD on December 31, 2020 to $178.72 million CAD, an annual increase of 38.5%. In U.S. dollars, the Stonetrust book value increased from $101.34 million to $140.97 million, an annual increase of 39.1%. The difference in returns is because the Canadian dollar appreciated against the U.S. dollar during the quarter, negatively affecting the book value in CAD.

Similarly, the adjusted book value per share of Wintaai increased from $24.20 CAD on December 31, 2020 to $33.50 CAD on December 31, 2021, an annual increase of 38.4%. In U.S. dollars, it increased from $19.01 on December 31, 2020 to $26.42 as of December 31, 2021, an annual increase of 39.0%.

For further details, please refer to the Wintaai 2021 annual financial statement and adjusted book value calculations included in the email. The financials were audited by Wintaai's auditor McGovern Hurley LLP. Please refer to Appendix below for the quarterly numbers. For clarification, all dollar amounts in the letter are listed in USD unless specified otherwise.

Key Annual Financial Figures

	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	YoY % Change	Q4 % Change
Wintaai Adjusted Book Value per Share (CAD)	$14.98	$19.41	$24.20	$33.50	38.4%	7.3%
Wintaai Adjusted Book Value per Share (USD)	$10.98	$14.94	$19.01	$26.42	39.0%	7.8%
Stonetrust GAAP Book Value (*CAD in Mils*)	$90.23	$110.06	$129.03	$178.72	38.5%	7.4%
Stonetrust GAAP Book Value (*USD in Mils*)	$66.14	$84.74	$101.34	$140.97	39.1%	7.9%

Stonetrust's Financial and Operating Results – GAAP Basis

The consolidated results of the Stonetrust companies (Stonetrust Commercial Insurance Company and its wholly-owned subsidiary, Stonetrust Premier Casualty Insurance Company) for the three-month and twelve-month periods ending December 31, 2021, and 2020 on a GAAP basis are as follows:

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All figures in $USD

	Unaudited Fourth Quarter		Audited Twelve Months	
	2021	2020	2021	2020
Gross premiums written	$ 9,921,488	$ 8,674,280	$ 47,433,025	$ 44,852,045
Net premiums written	$ 9,290,920	$ 7,712,490	$ 45,003,523	$ 42,632,917
Net premiums earned	$ 11,610,015	$ 10,130,862	$ 44,777,401	$ 42,732,998
Underwriting profit	$ 5,636,257	$ 1,401,511	$ 15,121,846	$ 5,806,689
Net investment income	853,550	1,475,038	8,405,400	5,732,196
Operating income	6,489,807	2,876,549	23,527,246	11,538,885
Net gain (losses) on investments (1)	9,954,691	12,684,163	30,896,391	8,377,624
Interest expense, bad debt expense & other income	85,395	848,318	(242,209)	500,046
Pre-tax income (loss)	16,529,893	16,409,030	54,181,428	20,416,555
Income tax (expense) benefit	(3,933,824)	(3,319,340)	(11,750,287)	(4,137,088)
Net income (loss)	$ 12,596,069	$ 13,089,690	$ 42,431,141	$ 16,279,467
Underwriting profit:				
Loss & LAE - accident year	61.4%	58.6%	60.0%	60.4%
Underwriting expenses	43.5%	49.7%	41.2%	42.5%
Combined ratio - accident year (2)	**104.9%**	**108.3%**	**101.2%**	**102.9%**
Net (favorable) adverse reserve development	-53.4%	-22.2%	-35.0%	-16.5%
Combined ratio - calendar year (2)	**51.5%**	**86.2%**	**66.2%**	**86.4%**
Ending Stockholders' Equity			**$ 140,974,680**	**$ 101,342,270**

(1)*Net gains (losses) on investments includes realized gains (losses) on disposals and changes in the unrealized gains (losses) recognized on equity investments.*

(2)*The combined ratio is the traditional performance measure of underwriting results for property and casualty companies and is calculated by the company as the sum of the loss ratio (claims losses and loss adjustment expenses expressed as a percentage of net premiums earned) and the expense ratio (commissions, premium acquisition costs and other underwriting expenses expressed as a percentage of net premiums earned). The accident year loss ratio excludes the net favorable or adverse development of reserves established for claims that occurred in previous accident years. The calendar year loss ratio includes the accident year's loss ratio and the net favorable or adverse development of reserves established for claims that occurred in previous accident years.*

The calendar year combined ratios for the quarters ending December 31, 2021 and 2020 were 51.5% and 86.2%, respectively, while the calendar year combined ratios for the years ending December 31, 2021, and 2020 were 66.2% and 86.4%, respectively. Net favorable loss development of 53.4% and 35.0% has been recognized in the three-month and twelve-month periods ending December 31, 2021, respectively.

The accident year combined ratios for the quarters ending December 31, 2021, and 2020 were 104.9% and 108.3%, respectively, while the accident year combined ratios for the years ending December 31, 2021, and 2020 were 101.2% and 102.9%, respectively.

Underwriting profit of $5,636,257 in the fourth quarter of 2021 increased from $1,401,511 in the fourth quarter of 2020 while net income of $12,596,069 in the fourth quarter of 2021 decreased slightly from $13,089,690 in the fourth quarter of 2020.

Underwriting profit of $15,121,846 for the year ending December 31, 2021, increased from $5,806,689 for the year ending December 31, 2020, while net income of $42,431,141 for the year ending December 31, 2021, increased from $16,279,467 for the year ending December 31, 2020, principally as a result of an increase in favorable development of prior accident years' loss and loss adjustment expense reserves, an increase in net investment income and an increase in net gains recognized on investment securities. Additionally, net premiums written and earned for the year ending December 31, 2021, as compared to the year ending December 31, 2020, increased by 5.6% and 4.8%, respectively.

Net investment income increased 46.6% from $5,732,196 to $8,405,400 for the year ending December 31, 2021, as compared to the year ending December 31, 2020. This increases largely due to an increase in the allocation of investable funds to higher-yielding fixed-income instruments.

Stonetrust Fixed Income Instruments

Below is a table highlighting major investments in fixed income securities as of December 31, 2021. All numbers are in USD.

Company	Maturity	Coupon	Par Value	Cost Base	Market Value	Unrealized gains
B Riley Financial	08/31/2028	5.25%	224,616	5,587,812	5,617,646	29,834
MBIA Inc	01/10/2028	6.63%	5,167,000	4,973,243	5,352,702	379,459
Cleco Corporate Holdings LLC	01/05/2026	3.74%	5,000,000	4,726,000	5,334,250	608,250
CenturyLink Inc	15/02/2027	4.00%	5,000,000	5,012,064	5,072,750	60,686
Lamar Media Corp	15/02/2028	3.75%	4,925,000	4,930,873	4,937,313	6,440
Peabody Energy Corporation	31/03/2022	6.00%	3,892,000	3,383,775	3,853,080	469,305
Entergy Corporation	01/09/2026	2.95%	3,540,000	3,462,408	3,693,424	231,015
PIC AU Holdings LLC	31/12/2024	10.00%	3,522,000	3,144,379	3,610,050	465,671
Icahn Enterprises LP	01/02/2024	6.75%	2,826,000	2,828,154	2,833,065	4,911
Rain CII Carbon LLC	01/04/2025	7.25%	2,365,000	2,390,069	2,417,834	27,765
Century Telephone Enterprises Inc	15/01/2028	6.88%	2,000,000	1,913,755	2,225,000	311,245

Stonetrust Equity Securities

Below is a table highlighting major investments in equity securities as of December 31, 2021. All numbers are in USD.

Company	Shares	Cost Base	Market Value	Unrealized gains
Lumen Technologies Inc	1,210,000	$ 13,248,058	$ 15,185,500	$ 1,937,442
Berkshire Hathaway Inc	25	7,901,245	11,266,550	3,365,305
Alphabet Inc	3,832	1,999,885	11,088,237	9,088,352
Resolute Forest Products Inc	685,000	2,179,236	10,459,950	8,280,714
Exor N V	90,021	4,000,022	8,050,128	4,050,106
Stellantis N V	426,388	3,495,030	7,999,039	4,504,009
Apple Inc	44,000	1,862,693	7,813,080	5,950,387
Pool Corp	10,636	1,253,830	6,019,976	4,766,146
MBIA Inc	321,000	2,030,024	5,068,590	3,038,566
Liberty Global Plc	142,500	3,444,220	3,952,950	508,730
Moodys Corp	5,899	583,551	2,304,031	1,720,480

In addition to the equity holdings, we also had the following call option positions as of December 31, 2021. All numbers are in USD.

Company	Strike Price	Maturity	Contracts (in hundreds)	Cost Base	Market Value	Unrealized gains
Bank of America	$ 20.00	Jan-22	500	$ 357,505	$ 1,225,000	$ 867,495
Bausch Health Companies	$ 10.00	Jan-22	700	518,575	1,225,000	706,425
Wells Fargo	$ 17.50	Jan-22	400	325,924	1,204,000	878,076
Alibaba Group Holding Limited	$ 100.00	Jan-23	150	494,420	525,000	30,580

WINTAAI Holdings Securities

At WINTAAI, we held positions in two securities as of December 31, 2021. All numbers are in USD.

Company	Strike Price	Maturity	Shares/ Contracts	Cost Base	Market Value	Unrealized gains
Synchrony Financial	NA	NA	22,500	297,637	1,043,775	$746,138
Bausch Health Companies (Call)	$10.00	Jan-22	33	21,620	57,750	$36,130

What do we do with the excess capital at Stonetrust?

We have a nice problem at Stonetrust. As of December 31, 2021, the GAAP book value (capital) of Stonetrust was approximately $141 million. Its net earned premium was about $45 million. As a result, we believe there is excess capital at Stonetrust.

What is the best way to deploy that capital? There are three options:

1) The best option is to grow organically. If the insurance market hardens and we are able to double the net earned premium to $90 million in steady-state over a three-year period, then the investable assets would jump to about $350 million versus the current amount of about $250 million. The capital outlay in terms of the extra staff and facilities needed to service the new earned premium is approximately $10 million. If we assume that the purchase price of acquiring an insurance company is one-time book value, then the acquisition cost is less than 20 cents on a dollar.

   Fortunately, there are a few factors working in our favor that will assist us in deploying some of that excess capital:

   i) We have been working hard to get an “A” rating from A.M. Best. I think that based on our exceptional operating results and a Fort Knox equivalent balance sheet, we deserve to be A-rated. We have earned it. When Stonetrust gets the A rating, we can write more and better businesses.

   ii) We believe the soft market for Worker’s Compensation insurance is at the tail-end of its cycle. Whenever the hard market comes, we will be in a strong position to take advantage of the situation. We have to take into factors such as capacity, competition, rate levels, new business trends, etc.

2) The second-best option is to purchase an insurance company that is disciplined in its underwriting approach, just like we have at Stonetrust. The minimum purchase price will most likely be at least one-time book value (Surplus if you use Statutory accounting).

We have looked at more than 10 potential acquisitions. One does get a big education in accounting principles! Sellers can truly stretch accounting principles to the limit in order to show how great their companies are when in fact they are pieces of garbage. Excuse my Louisiana Creole language!

Our criteria for buying 100% of a business or at least getting a majority control are:

a) It is a decent business and has good long-term economics;
b) It has a proven management team that has displayed great underwriting discipline, and
c) It is selling at a fair price.

Although we are looking at companies, we don't feel compelled to purchase them for the sake of purchasing them. We have not hired investment bankers but in spite of that, we do have the most elaborate and sophisticated system in place to hunt for companies – that is how we have examined more than 10 potential acquisitions – we just wait for the phone to ring!

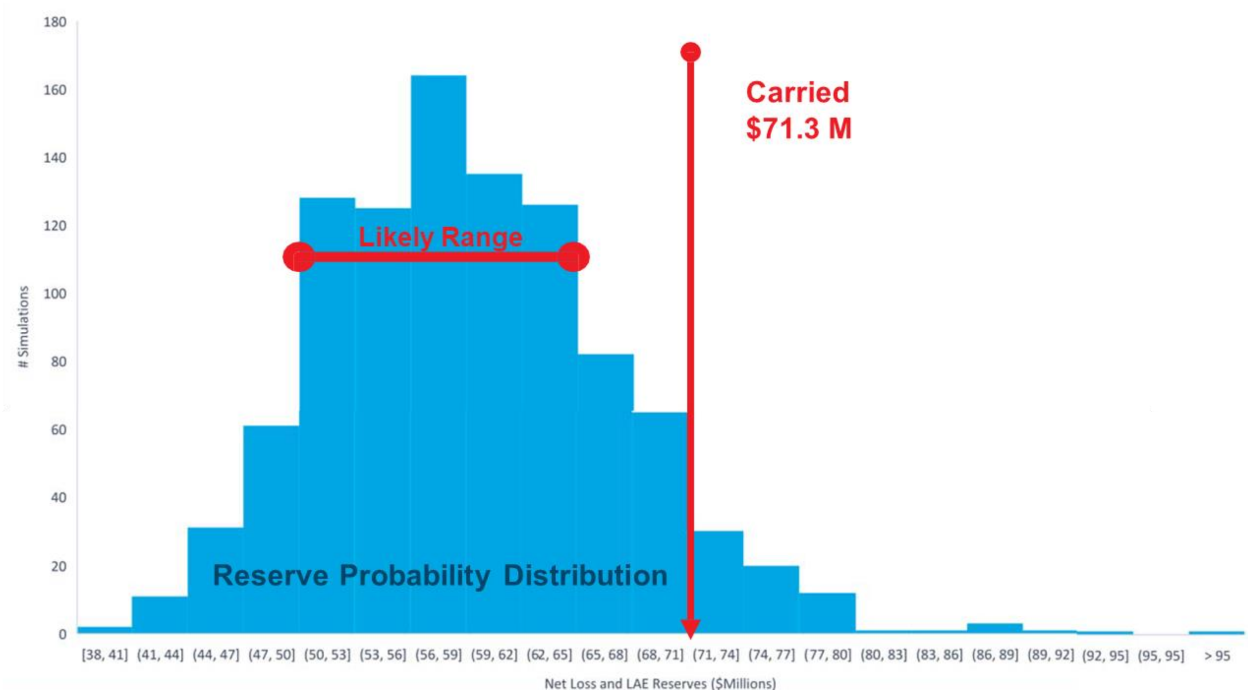
In my experience with acquisitions, you cannot plan or have a pre-set timetable. In a given year, many potential companies may come up but for one reason or another, a deal is not executed; while in another year, you may end up sealing multiple deals. That is the nature of acquisitions. It takes two to tango!

3) If the first and second options are not available, then we buy marketable securities of companies that are undervalued. Most of the purchases will be directed toward companies that have solid long-term economics, earned their income in cash, and are run by highly competent managers. Occasionally, we may buy companies that are in distressed situations, but they have to be extremely cheap, plus there is a decent chance of a restructuring or an outright sale of the company. As much as possible we should avoid such companies for a variety of reasons. Although on the surface they may look cheap they are not worth a lot. That is why they are called "CRAP" companies – Cannot Realize A Profit. If they cannot realize a profit, technically they are worth zero unless they have assets that are readily saleable like real estate assets and patents.

How conservative is the balance sheet of Stonetrust?

At Wintaai, we are fortunate to have shareholders who have an intimate understanding of insurance companies and their accounting. You cannot pull the wool over their eyes. Whenever I meet shareholders, I get asked about the conservative nature of Stonetrust's balance sheet. The questions revolve are around topics like the adequacy of reserves and Enterprise Risk Management (ERM).

The most important question when it concerns insurance companies is the adequacy of reserves. Every insurance company, without fail, will say that its reserves are conservative. But how do you prove it? Since you need to use estimates to calculate reserves, there is a lot of room to play with numbers. One method is by looking at the past estimation of reserves – commonly called the triangle. The second method is to determine the confidence level at which the insurance company estimating its reserves. Is it at the 50% confidence level or higher? Some insurance companies will say that they use conservative assumptions even though their reserves are carried at the 50% confidence level. At Stonetrust, we carry our reserves at the 90% confidence level. When we say we are conservative, we mean it.



Enterprise Risk Management (ERM)

We have a very strong and robust ERM program in place. We are continually assessing what potential dangers are lurking in the future and how well our balance sheet and operations can withstand those dangers. We perform several stress tests at least once a quarter for all kinds of different scenarios. Let me share three aspects of our stress testing with you:

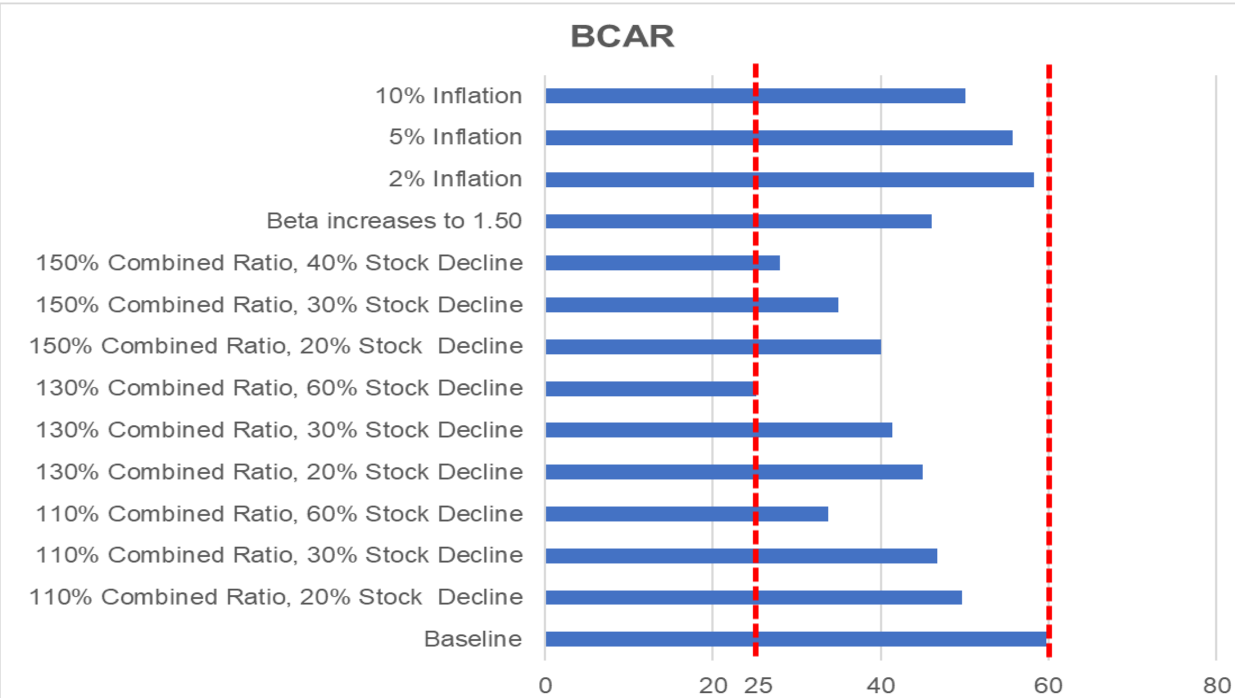
1) <u>Best's Capital Adequacy Ratio (BCAR)</u>

Best's Capital Adequacy Ratio (BCAR) is a metric used by A.M. Best that depicts the quantitative relationship between a company's balance sheet strength and the key financial risks that could impact such strength. Balance sheet strength is critical to the determination of a company's ability to meet its current and ongoing obligations.

The table below provides a reasonable guide to BCAR scores and their BCAR assessment by A.M. Best. A score of 25 or greater means you have the Strongest BCAR Assessment which is equivalent to the VaR (Value at Risk) Confidence level of 99.6%. Our calculation shows that for the year-end of 2021, Stonetrust's BCAR score was 58. Our internal target is 40+, which is way above the strongest assessment level of 25.

VaR Confidence Level (%)	BCAR	BCAR Assessment
99.6	> 25 at 99.6	Strongest
99.6	> 10 at 99.6 & ≤ 25 at 99.6	Very Strong
99.5	> 0 at 99.5 & ≤ 10 at 99.6	Strong
99	> 0 at 99 & ≤ 0 at 99.5	Adequate
95	> 0 at 95 & ≤ 0 at 99	Weak
95	≤ 0 at 95	Very Weak

Below are the results of the stress testing completed on BCAR. The red vertical line in the middle is BCAR of 25, and the number increases as you go to the right. As you can see, it would take a combination of highly unlikely events to reduce our BCAR to 25.



2) <u>Access to Capital Markets</u>

We are constantly in discussions with the capital markets to assess our ability to raise capital. Prior to 2020, we raised about $15.6 million CAD without going through an investment banker. If we had hired investment bankers, they would have charged 7% of the proceeds in investment banking fees (approximately $1 million CAD).

With a book value close to $200 million CAD, we feel confident that we can raise $100 million CAD in the capital markets (equity+ fixed income) in the current market.

3) High Liquidity – Fort Knox like balance sheet

I am not kidding when I say that we have a Fort Knox like balance sheet. We have a highly liquid balance sheet that can withstand any kind of black swan event. If such an event does occur, we will be the last insurance company standing.

Cash/Carried Reserves	**2021**	**2020**
“A” rated Peer 1 in Louisiana	19.8%	15.9%
“A” rated Peer 2 in Louisiana	25.2%	22.7%
Stonetrust	115.9%	82.7%

Cash/Net premiums earned	**2021**	**2020**
“A” rated Peer 1 in Louisiana	41.5%	35.6%
“A” rated Peer 2 in Louisiana	30.0%	27.9%
Stonetrust	184.6%	148.7%

Cash/Book value (Surplus)	**2021**	**2020**
“A” rated Peer 1 in Louisiana	9.5%	7.8%
“A” rated Peer 2 in Louisiana	18.7%	18.0%
Stonetrust	58.7%	65.0%

Cash/Avg (Net premiums earned + Liabilities)	**2021**	**2020**
“A” rated Peer 1 in Louisiana	18.4%	15.0%
“A” rated Peer 2 in Louisiana	20.9%	19.4%
Stonetrust	104.6%	83.1%

All in all, we have a robust ERM framework in place. Contrary to what people may think, ERM has served us well. It has been value-added, has allowed us to generate more than adequate investment income and our book value has more than doubled in four years. Because of these factors, we have a sustainable long-term competitive advantage over our peers.

A Word of Caution

Despite the positive financial performance, we understand insurance is a tough business in a highly regulated industry. The economics of most insurance companies will result in sub-par returns for investors. There is a silver lining though – we need to do two key things right to get a decent return on shareholders’ equity.

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1) Management must be completely disciplined in not chasing business. It is paramount that underwriting discipline be maintained. In other words, the combined ratio should not exceed 100%.

2) Equally important, on the investment side, we must be disciplined in not overpaying for businesses. In the case of Stonetrust, the investable assets to book value ratio is just under 2 to 1. If we can make a 5% return on investable assets, the return on book value would be just under 10% pre-tax, a reasonable return, provided the combined ratio is 100% or less. This is what we are counting on to get an adequate return for Wintaai.

On the insurance front, we want to once again congratulate Mike Dileo and his team for doing a great job operationally at Stonetrust, despite some serious headwinds and tough markets. Below, we have included an update from Mike himself.

Sincerely,

Francis Chou

Francis Chou
Chief Executive Officer
Wintaai Holdings Ltd.

March 31, 2022

2021 REPORT TO WINTAAI HOLDINGS SHAREHOLDERS

To the Shareholders of Wintaai Holdings Ltd:

I am pleased to report on the financial results achieved by Stonetrust Commercial Insurance Company in 2021.

As we approach our 29th anniversary, we continue to outperform and exceed our projections and annual plan for the company. In 2021, we continued our progress with profitability and with strengthening our capital structure. Last year I reported that Stonetrust achieved the most profitable year in its 28-year history.As we continue to prosper, we have raised our standard of success and pursuit of excellence even higher than last year. Managing through the challenges of the pandemic, we grew our premium book by more than5% and made great strides with many operational improvements that included market expansion, adding a new comprehensive operating system, and achieving significant surplus growth. Entering the fourth year of our ownership with Francis Chou and Wintaai Holdings, we have discovered a strong synergy that has strengthened our company structure and allowed us to broaden our vision for the future. I am proud to report that 2021 is now considered the most successful year in our history and also a year that accelerated our plans for future success.

In 2021, Stonetrust Commercial Insurance Company reported net premium income of $44.8 million, which exceeded our target of $42.9 million. I am also excited to report that, based on the Statutory Accounting Principles, Stonetrust achieved an excellent Net Loss and LAE ratio of 25.1% and a calendar year combined ratio of 67.2%. This resulted in a net underwriting income of $14.6 million. We also achieved policy retention of 85% and premium retention of80%, which exceeded targets for both measures. Our net investment gain in 2021 was $15.4 million and overall net income was $25.3 million. All these remarkable results combined allowed us to achieve surplus growth from $97.8 million at 12/31/20, to an incredible $140.8 million at 12/31/21. At the end of 2021 totalassets for Stonetrust had grown from $208.1 million to $254.1 million. These results are incredible considering the challenges from the pandemic and the disruption it caused in the business environment.

In addition to achieving incredible financial results, we also accomplished several objectives on our operational scorecard that will benefit the company currently and establish a solid foundation for future growth and success. In December of 2021, we launched a new operating system that included a complete conversion of our legacy data. This new system immediately improves efficiency and provides our agents and policyholders with direct access to policy financial data. It also establishes a new operational structure that will allow us to integrate automation and analytics into our claims and underwriting processes. We also expanded our coverage base by adding two new states, Alabama, and Kansas. We are now operating in ten states in the southeast and midwestern region and have plans to add two more states in 2022. We also launched our new premium pricing tier company, Stonetrust Premier, in December 2021 and we have already used this new company to bind accounts that would not have been bound without the new companypricing structure.

Entering 2022, Stonetrust continues to perform exceptionally well and has continued to make progress on our goal of achieving an A rating by A M Best. Stonetrust has expanded its capacity for premium growth by adding new states and has exceeded targets for surplus and total asset growth. Our vision and goal at Stonetrust is to be the premier or *"First Choice*" workers' compensation carrier for all our agents and policyholders. With the plans that we have for continued success and our commitment at building strong relationships with our agents, I am confident we will achieve this goal very soon.

Although the current workers' compensation environment remains extremely competitive, Stonetrust has built a powerful reputation in its markets as a financially strong company that is easy to work with and committed to outperforming its peers. Because of the talented team that we have built at Stonetrust and the support and partnership that we receive from Francis Chou and Wintaai Holdings, my expectation is that we will continue to make great strides in all areas and achieve another strong result in 2022!

Thank you.

Sincerely,

Michael G. Dileo

Michael G. Dileo, CPCU
President and Chief Executive Officer

APPENDIX

Date	Wintaai Holdings Adjusted Book Value per Share (CAD)	Wintaai Holdings Adjusted Book Value per Share (USD)
Dec. 31, 2018	$14.98	$10.98
Mar. 31, 2019	$16.77	$12.56
June 30, 2019	$17.44	$13.33
Sept. 30, 2019	$18.04	$13.62
Dec. 31, 2019	$19.41	$14.94
Mar. 31, 2020	$15.70	$11.16
June 30, 2020	$20.60	$15.13
Sept. 30, 2020	$21.96	$16.48
Dec. 31, 2020	$24.20	$19.01
Mar. 31, 2021	$27.42	$21.81
June 30, 2021	$29.44	$23.75
Sept. 30, 2021	$31.23	$24.51
Dec. 31, 2021	**$33.50**	**$26.42**